



Memorandum

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**The Post-CFE Environment
in Europe**

~~Secret~~

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The Post-CFE Environment in Europe

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Memorandum, which was prepared by the
National Intelligence Officers for General Purpose
Forces, USSR, and Europe.

Key Judgments

- The era following the Conventional Forces in Europe (CFE) Talks will be a transitional period in Europe, marked by the reevaluation and redefinition of longstanding economic, political, and military relationships between and within the existing alliances.
- The overall threat to NATO will diminish in a post-CFE environment, and barring a precipitous decline in NATO, the currently unfavorable balance of forces will be largely eliminated. Remaining Warsaw Pact forces will need even longer and more massive mobilization to be able to carry out deep strategic operations in Central Europe.
- West European publics and leaders already perceive a reduced military threat from the Warsaw Pact and will expect continued attempts by the Soviet Union and its East European allies to focus on political and economic relationships with the West, reduce the size of their military forces, and shift resources from defense to civil production.
- Continued US leadership of NATO will be challenged by the emergence of a stronger Eurocentric approach emphasizing the importance of political and economic over military matters as West European concerns about the Warsaw Pact threat diminish, and domestic pressures for reallocating defense budgets to civilian needs, such as the environment, and emphasis on East-West cooperation rather than confrontation increase.
- There will be an increased prospect of instability in some East European countries if their economies fail to improve significantly—a likely prospect if they are unable to profitably exploit their greater access to the West.

Discussion¹

Intelligence Community analysts believe that the next decade—following the Conventional Forces in Europe (CFE) talks—will likely see long-established military, political, and economic relationships between and among European nations and their superpower partners reevaluated and redefined. CFE is an important element in a larger process of enhanced West European economic integration, the assertion of independent European political interests, and the political and economic reforms and reallocations under way in Eastern Europe and the Soviet Union. Excepting upheaval in Eastern Europe, Community analysts foresee more direct policy concerns for the United States emerging from the changes in Western Europe than from those in either Eastern Europe or the Soviet Union.

Post-CFE Warsaw Pact military forces will be incapable, without significant, costly, and time-consuming mobilization, of carrying out the deep strategic operations in Central Europe that have been characteristic of Soviet military planning for several decades. Both the East and the West will be forced to revise their views of war in Europe; current Soviet military reductions and restructuring probably reflect the early stages of such a reevaluation process. Although Soviet strategy and doctrine are clearly changing in reaction to new political instructions and economic imperatives, their final shape is not yet discernible. Nevertheless, Soviet military objectives against NATO would be likely to be much more limited, replacing those of the traditional Theater Strategic Operation, which projects Soviet military operations throughout Western Europe.

¹ This Memorandum synthesizes the results of three meetings convened in mid-August 1989 by the National Intelligence Council to discuss Intelligence Community analysts' views of the military, political, and economic implications of a post-CFE Europe. Recognizing the great uncertainties posed by the current political environment in Eastern Europe and the USSR, the discussion focused on projected conditions in the latter half of the 1990s, with the assumption of a CFE agreement based on current proposals. Although coordinated, this memorandum is speculative and not limited to evidence on hand.

Post-CFE Soviet forces—although smaller—may be on average better equipped, depending on the Soviet's willingness to reinvest potential savings into the military. Some analysts believe that through this modernization and restructuring the Soviet's readiness posture is likely to improve. Despite potential improvements, however, the overall military threat to NATO will diminish, and, unless there is a precipitous decline in NATO forces, the currently unfavorable balance of forces would be largely eliminated. Under the Warsaw Pact's proposal, a CFE agreement would force the Pact to give up nearly half of its reinforcement capability in the Atlantic-to-the-Urals zone; NATO's reinforcement capability, however, would be significantly less affected. Further, the Soviet Union will not likely be able to regenerate rapidly the force structure required for deep offensive operations. Strategic surprise in Europe, therefore, will be even less likely, although tactical surprise would remain possible, for example, to obtain limited objectives.

Overall, there will be a continued shift in Soviet emphasis away from military power and toward political and economic interaction with the West. Through CFE, Gorbachev apparently intends to validate the basic assumption of his "new" foreign policy line: that national security will no longer be founded primarily on military strength but on a broader based combination of diplomacy, negotiation, economic power, and military strength.

On the NATO side, political and budgetary constraints together with perceptions of a reduced Soviet threat will result in a decreasing commitment by European nations to the maintenance of large standing forces, leading to continued force reductions, beyond those agreed to at the CFE Talks. Depending on where such additional cuts were taken, and how far they went in relation to Pact forces, such reductions

would probably force major changes in NATO's defense strategy. Simultaneously, a CFE agreement would contribute to the political momentum toward denuclearization in Europe and lead to changes in Alliance nuclear use policies. In general, the post-CFE situation will be dynamic as both military alliances develop new objectives and strategies and design and field forces to implement them.

In a post-CFE Europe, the Soviet Union's dominant role in most of Eastern Europe will decline significantly and depend primarily on formal adherence to the Warsaw Pact and economic ties. East European countries will also become increasingly independent. This could weaken the military rationale for the Warsaw Pact and precipitate increased East European pressure to reorient the Pact toward more of a political alliance.

Moscow's East European allies, lacking strong Bloc identity, will probably prefer to establish individual bilateral relations with West European nations. With Soviet military presence and political influence in Eastern Europe reduced, the reliability of the political underpinnings of the current military and economic relationships such as the Warsaw Pact and CEMA will be called into question. Traditional national animosities and historical grievances among the East European countries—already reemerging as the imposed Bloc identity recedes—will worsen in the post-CFE era. If military drawdowns through CFE proceed too quickly—contributing to mounting internal and external pressures for reform—this could lead to social and political unrest in one or more of the East European regimes and result in a regime crackdown that could stall East-West relations.

In contrast, events within the European Community (EC)—notably 1992 market integration and significant progress toward European political cooperation—are bolstering and broadening the West European sense of common purpose and community. As West European countries move away from their dependence on a US-led Atlantic Alliance and toward a more intra-European perspective, they will become increasingly parochial in their security concerns and less prone to take a US view. They may attempt to craft a "Common European House" built to EC

rather than Soviet or US specifications. EC member states' vested interests in an economically strong, politically cohesive EC would prevent the admission of any current CEMA state during the next decade. The Council of Europe is the more likely venue for trans-European policy dialogue and cooperation.

CFE will strengthen widely held perceptions among West Europeans of a diminished threat. In the aftermath of a CFE agreement, there will be an increased number of politically powerful voices in the West calling into question the need for military alliances. But as long as there remains a substantial—even though reduced—US military presence in Europe, however, the broad foundations of NATO will essentially remain intact. Even in countries where anti-nuclear sentiments and pro-arms-control views are strongest, the majority of the public today still favors membership in NATO.

On the economic side, CFE will contribute to a more positive environment for East-West trade, although the continued presence of cumbersome bureaucracies and trade barriers will hinder prospects for significantly increased trade. The East Europeans are anxious to expand economic relationships, singly and in groups, with the European Community. They are unlikely, however, either to increase trade rapidly or to take advantage of technology transfer to offset adverse economic conditions. Some analysts feel that the West European nations are already beginning to

determine what they could do to improve the East European economies and would continue to do so. Most believe, however, that the EC nations, though conscious of East European need for economic assistance and outside investment, now appear unwilling and unable to provide investment or economic assistance in large enough quantities to achieve long-term fundamental changes in the economic relationship. Despite some interest on the part of the West Europeans, most believe that they are unlikely to make the massive investment needed to assist East European economies. Individual East European nations will also have to contend with the unified decision apparatus represented by the EC with no counterpart economic coalition to represent their interests. Indeed, CEMA will become increasingly ineffective in the projected environment, as individual East European nations seek to expand their own relations based on economic needs and potential.

The likely effects of CFE on the Soviet Union's economy are less clear. CFE could have enormous implications over time for the Soviet economy, particularly in terms of reduced resources devoted to defense production. Because the Soviet Union spends more than three times more on conventional forces than it does on strategic offensive nuclear forces, a CFE accord offers the potential for much greater resource savings and industrial reorientation than the INF and START agreements combined. Savings can be realized in procurement, force structure, operations and maintenance expenditures, and manpower utilization. Overall, a CFE agreement could allow the Soviets to save up to 15-18 billion rubles per year, or

about 15 percent of total investment and operating expenditures. To put such savings into perspective, the amount is almost equal to Soviet investment in the critical machine-building sector and over half the amount invested in housing.

At the same time, problems in the Soviet economy and the requirements of future forces will probably prevent the Soviets from realizing the full economic benefits of CFE. There is considerable doubt about the ability of the Soviets to effectively redistribute resources from defense to civilian uses. Factors inhibiting conversion include reluctance to reorient military research and development programs; difficulties in transferring skilled workers from military industries and absorbing released military manpower into the already inefficient and underemployed Soviet industrial labor pool; and the technical problems involved in converting specialized industrial processes. Moreover, an unknown percentage of these savings, in the early years, would have to be spent on modernization and restructuring stemming from shifts in Soviet strategy and weapons requirements. For example, some Soviet officials have stated that, in keeping with the new defensive doctrine, greater emphasis will be placed on "defensive" weapons. Other modernization and potential increases in the costs of maintaining residual forces at higher levels of readiness—should the Soviets do so—could also cut into the projected savings.

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